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Mid-Term Business Plan  
Fiscal Years Ending March 2025 to March 2027

QD Laser, Inc.  
(6613 TSE Growth Market)

November 2024

# Mid-Term Business Plan (FY Ending March 2025 – FY Ending March 2027)

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## Achieving Profitability and Growth Potential

--Toward Realizing Our Vision: "Illuminating Human Possibilities"

### ■ **Achieving Overall Profitability by FY Ending March 2027 = "Baseline Plan"**

A highly achievable plan based on a combination of businesses with predictable revenues, costs, and expenses.

→ **FY Ending March 2027: Net Sales of 1,948 million yen, Operating Profit of 7 million yen**

### ■ **Pursuing "Growth Potential"**

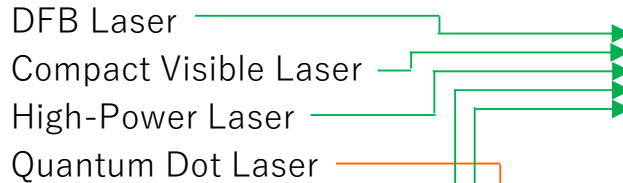
**Securing future growth potential** through measures such as **partnerships with other companies** to reduce our current burden.

Additionally, we will pursue **novel activities** such as new businesses, products, or M&A initiatives alongside the implementation of the Baseline Plan.

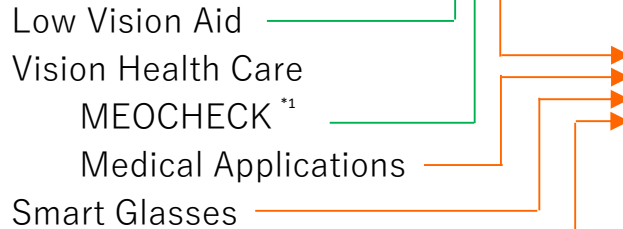
# Framework for Achieving the Mid-Term Business Plan

- We categorize our business operations as follows, based on their nature and circumstances:

## Laser Device Business



## Visual Information Device(VID) Business



## New Products and Initiatives



A foundation for offensive growth



Proactive growth built on a solid foundation

**Achieving Overall Profitability by FY Ending March 2027 (FY2026)**

Non-Baseline Initiatives:  
Assumed Near-Zero Profit/Loss in FY Ending March 2027

# Overview of the Mid-Term Business Plan

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## ■ **Baseline Plan**(FY Ending March 2027: Net Sales of ¥1,948M, Operating Profit of ¥7M)

**Laser Device Business:** Achieve annual sales growth of 20-25% from FY Ending March 2025 to FY Ending March 2027, while improving the gross profit margin to 45% (FY2024 Budget: 41%). **Target FY2026 net sales of 1,601 million yen and operating profit of 338 million yen.**

**VID Business:** Collaborate with other companies to commercialize the Smart Glasses and/or Vision Health Care businesses. Focus solely on the Low Vision Aids and MEOCHECK service businesses, **targeting FY2026 net sales of 347 million yen and operating profit of 0.2 million yen** across four products and services.

**Head Office Expenses:** Maintain a steady headcount and limit the increase in selling, general, and administrative expenses, **targeting an operating loss of ▲331 million yen in FY2026.**

## ■ **Pursuing Growth Potential**

For initiatives requiring significant time, resources, and/or financial investment (e.g., Smart Glasses and medical applications within the Vision Health Care business), **secure future growth potential through partnerships** while minimizing the immediate financial burden, **achieving zero impact on FY2026 profit and loss.**

Additionally, actively pursue **novel activities such as new businesses, products, or M&A initiatives** to further accelerate growth and development beyond the Baseline Plan.

# Overview of Company-Wide Profit and Loss Plan

## ■ Profit and Loss Plan

(unit: million yen)	FY2023 (Actual)	FY2024 (Forecast)	FY2025 (Plan)	FY2026 (Plan)
Net Sales	1,247	1,155	1,314	1,948
(Of which, LD)	934	1,054	1,274	1,601
(Of which, VID)	312	100	40	347
Operating Profit or Loss*	(604)	(605)	(382)	7
(Of which, LD)	41	83	133	338
(Of which, VID)	(375)	(405)	(196)	0
Ordinary Profit or Loss*	(600)	(592)	(385)	4
Net Income or Loss*	(642)	(596)	(387)	0

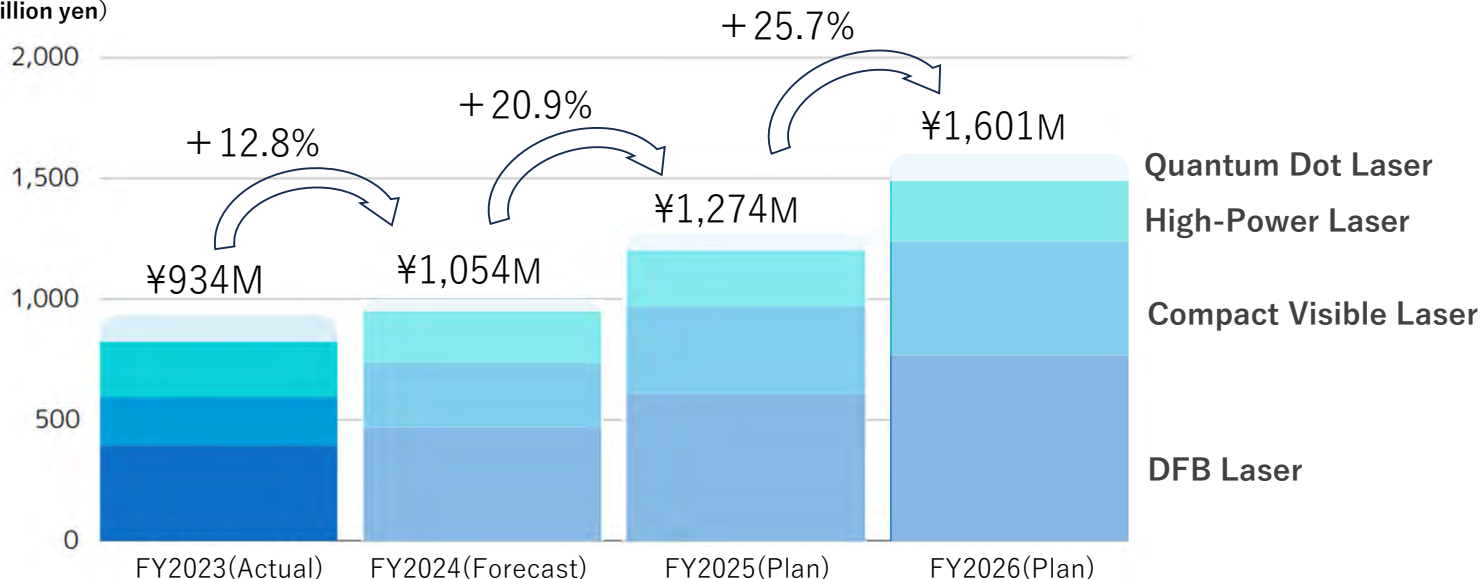
\*shown as negative in parentheses for losses

# Baseline Sales Plan for Laser Device Business

- Focused on "mass production certification by customers," targeting annual sales growth of 20–25% by FY Ending March 2027(FY2026.)
  - Compact Visible Lasers and DFB Lasers will act as drivers of sales growth.

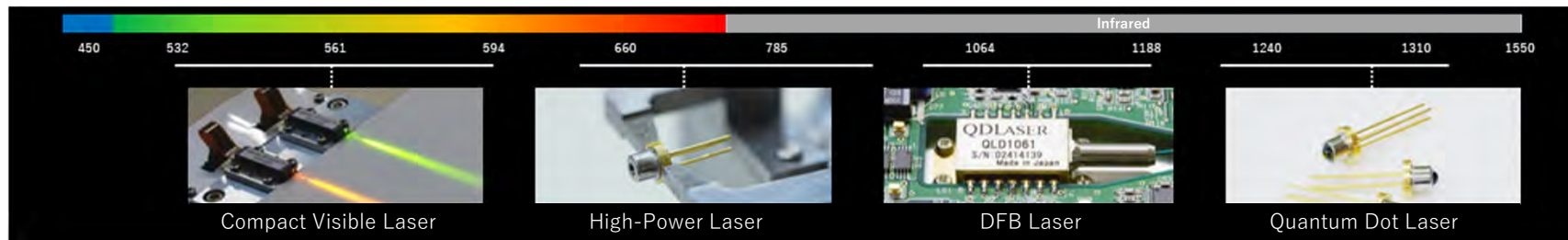
## Net Sales

(million yen)



\*1: Sales forecasts are calculated based on projections for major certified customers and growth in orders from new certified customers.

# Product Portfolio and Market Size of the Laser Device Business



Wavelengths 532, 561, 594nm

640 - 940nm

1030, 1053, 1064, 1080,  
1120, 1180nm

1200 - 1330nm

Applications Flow cytometers, other bioanalysis equipment, microscopes, etc.

Levelers, particle counters, machine vision, and other broad sensor applications.

Inspection, measurement, precision processing, etc.

Computer optical circuits, next-generation automobiles, advanced medical care, satellites, etc.

## QD Laser's Products Market Size Forecast

(Source: "Explanation of Business Plans and Growth Potential" Document, November 2024)

> ¥20B

~ ¥8B

> ¥20B

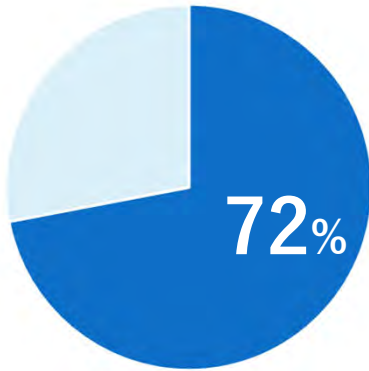
> ¥12B

# Sales Strategy of the Laser Device Business

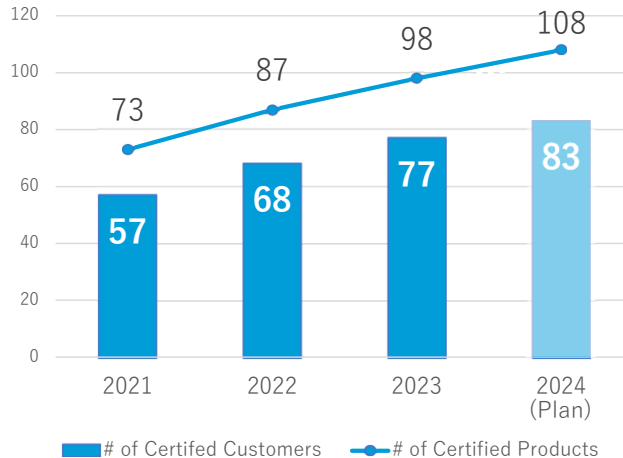
- **Increase the number of certified customers**, which currently account for about 70% of net sales and serve as a stable revenue source.

KPI = Number of mass-production-certified customers and large-scale certified customers (annual sales of 100 million yen, 50 million yen, and 20 million yen).

Certified Customer Sales Ratio  
(FY Ending March 2024 Actual)



Growth in  
Certification Status



New Product "Lantana"  
(Released in October 2024)



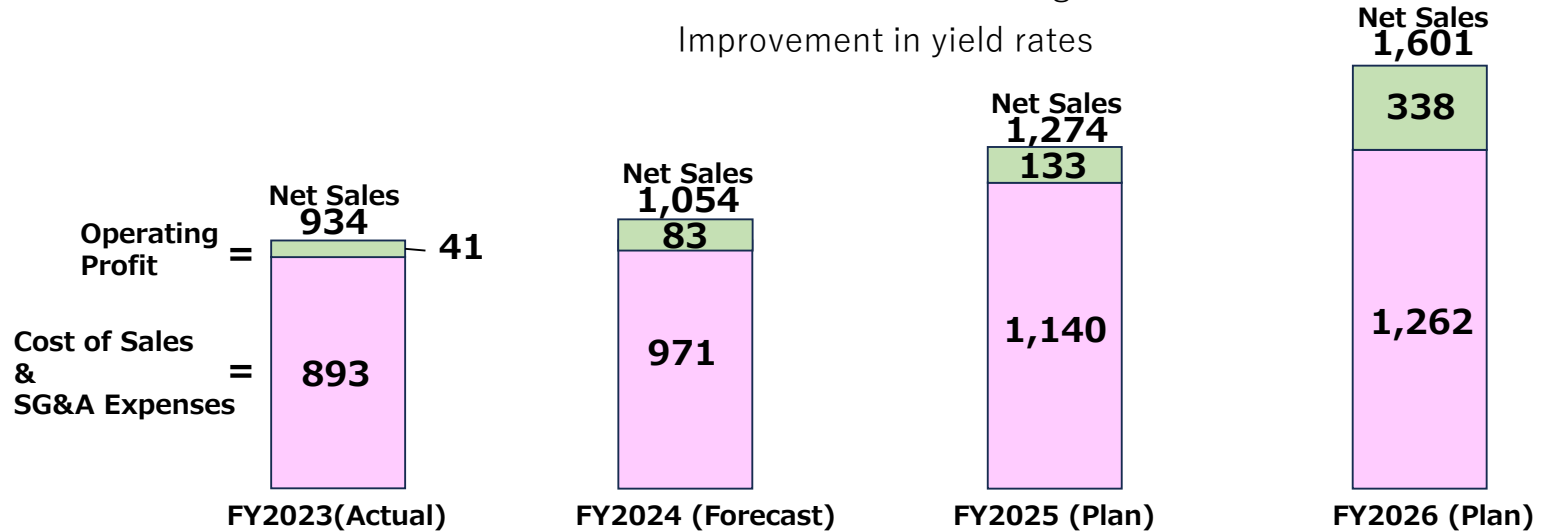
Promote the acquisition of future certified customers by providing ultra-compact integrated units (compact visible lasers with built-in drivers) to support users' product development.



# Baseline Profit Plan for the Laser Device Business

- Without increasing the FY2025 SG&A expense levels, aim to **raise the gross profit margin from 41% to 45%** and achieve **operating profit of 338 million yen**.

Measures to Improve Gross Profit Margin: Appropriate pricing adjustments  
Reduction of outsourcing costs  
Improvement in yield rates



# Growth Potential of the Laser Device Business

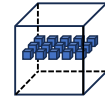
## ■ Quantum Dot Lasers vs. Quantum Well Lasers



MBE



Quantum Well  
(Legacy Technology)



Quantum Dot

DFB Laser  
Compact Visible Laser  
High-Power Laser



Products Accounting for 95% of  
FY2025 Sales Budget

Quantum Dot Laser — Future High-Growth Potential

## ■ **Exceptional physical properties** of Quantum Dot Laser

= Operates stably even at high temperatures with high reliability / Low power consumption.

- Mass production of final products incorporating quantum dot lasers has yet to be realized, but R&D for diverse applications is advancing.
- Applications include computer optical circuits, next-generation automobiles, advanced medical care, and satellites. If mass production for these applications is achieved, orders of an entirely different scale can be expected.
- The Baseline Plan currently assumes demand solely for R&D purposes.

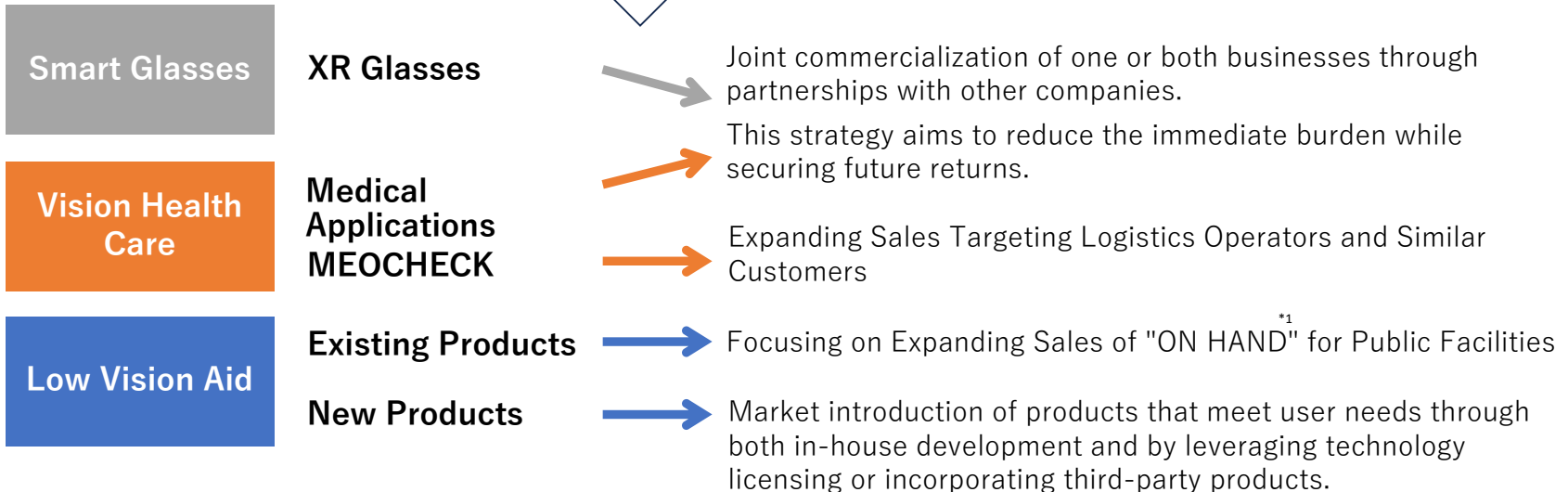
# Development of the VID Business

- Starting with Low Vision Aids, the business has expanded its target domains centered on "Laser Retinal Projection" technology.
  - ➔ Resources are currently evenly distributed across the following three areas:  
Low Vision Aids, Vision Health Care, and Smart Glasses.



# Restructuring of the VID Business

- Smart Glasses and Medical Applications in Vision Health Care hold significant potential for the future but will **require several years to achieve profitability and involve substantial upfront investment burdens.**
- Commercialization of these areas will require **considerable financial and human resources, as well as skills and expertise in mass production and production management, which the company currently lacks.**

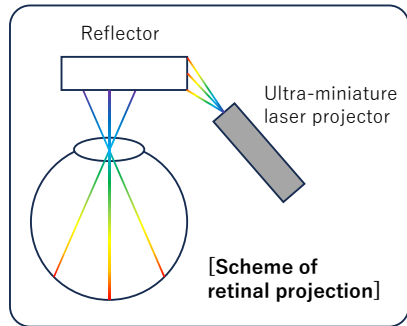


\*1: In this document, "RETISSA ON HAND" is abbreviated as "ON HAND."

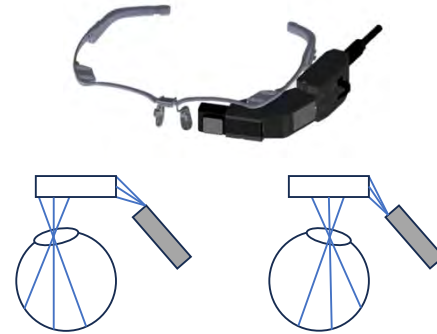
# VID - Initiatives in the Smart Glasses Business

- Regarding development of Laser Retinal Scanning XR Glasses, the company has been leveraging the following core technologies to continue development toward commercialization.

## VISIRIUM Technology



## Eye-Tracking Technology



- Through the development of XR glasses, the company aims to capitalize on revenue opportunities in this potential market.

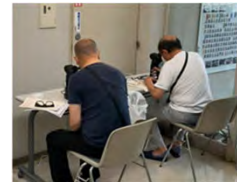
**Estimated market size for XR glasses: Approximately \$35 billion by FY2028<sup>\*1</sup>**

# VID - Joint Commercialization and Focus in the Vision Health Care Domain

- For previously developed Medical Applications in Vision Health Care (Eye Health Maintenance), such as SLO (Scanning Laser Ophthalmoscopy) and Axial Length Measurement, development and commercialization will be pursued through partnerships with other companies.
- **Focusing on "Eye Health Check Services" expansion** using MEOCHECK, which is gaining high interest in related fields
  - Various service provision and pricing formats could be considered based on user needs, including on-site measurements, customer self-service, and support for building digital platforms.
  - Link the expansion of services to the sales of MEOCHECK devices.
  - Primary targets include truck operators with over 100 employees (over 2,000 companies), taxi operators (approximately 1,000 companies), and bus operators (approximately 350 companies).

Example of Service Provision Estimates:

Provide MEOCHECK measurement services for several days to hundreds of drivers at transportation companies, generating revenues ranging from hundreds of thousands to millions of yen.



# VID - Restructuring in the Low Vision Aid Domain

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- Reaffirming the initial mission of Low Vision Aids within our VID business, we are recommitting our efforts to meet the needs of users who require visual assistance and support.
- **Focusing on Expanding Sales of "RETISSA ON HAND" for Existing Products**
  - RETISSA Display II (Head Mounted Display) - Production Discontinued
  - RETISSA NEOVIEWER (Digital Camera Combined Viewfinder)- Additional production currently on hold
  - RETISSA ON HAND (Handheld Visual Aid Device)- Expanding sales primarily for public facilities such as libraries, as well as museums, sporting events, and more
- **New Products:** Pursuing revenue through innovative approaches beyond in-house development of retinal projection final products and aim to fulfill user needs unmet by our own products through the following approaches, with specific initiatives currently underway:
  - Supplying core components based on our technology or licensing technology to other companies for product launches
  - Sales of display-type visual aids developed by other companies

# VID Business Baseline Plan Structure

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- Through the joint commercialization and focus in the Smart Glasses and Vision Health Care domains, as well as the focus on "ON HAND" in the Low Vision Aid domain, **the VID business sales and profit plan for FY Ending March 2027 will be concentrated on the following four areas:**

- Eye Health Check Services (MEOCHECK)
- ON HAND Sales
- Supply of core components or technology licenses for visual aid products developed by other companies
- Sales of new display-type visual aid products developed by other companies

In addition, the policy is to refrain from conducting "NRE" (research and development contracts), which accounted for a large proportion of VID business sales in FY Ending March 2025, independently.

- Cost of sales and SG&A expenses in the VID business will be reduced from 688 million yen (FY Ending March 2024 actual) to 347 million yen by FY Ending March 2027 through efforts such as partnerships with other companies, **achieving profitability in the VID business by FY Ending March 2027 (FY2026).**



# Key Focus Areas in the Four VID Business Baseline Plan Segments

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- Eye Health Check Services (MEOCHECK)
  - Targeting large transportation operators, provide eye health check services to over 11,000 individuals by FY Ending March 2027.
- ON HAND Sales
  - In addition to traditional demand from libraries for large print readers, expand primarily to public facilities with growing interest, such as museums and sports venues, with a goal of selling at least 10 units per month by FY Ending March 2027.
- Supply of Core Components or Technology Licenses for Visual Aid Products Developed by Other Companies
  - Supply core optical units based on our technology or provide technology licenses for visual aid products developed by overseas manufacturers. Expected to achieve large-scale quantities, resulting in substantial revenue with high profitability for our company.
- Sales of New Display-Type Visual Aid Products Developed by Other Companies
  - Partner with other companies developing new display-type visual aids that combine existing technologies domestically and internationally. Our company will sell these new products, which have distinct characteristics from our retinal projection type, aiming for sales in the hundred million yen range by FY Ending March 2027, establishing this as a core pillar of the VID business.

# Baseline Sales and Profit Plan for the VID Business

- The baseline sales and profit plan for the VID business for FY Ending March 2027 is as follows:

	FY2023 Actual	FY2024 Forecast	<b>FY2026 Plan</b>
Net Sales	¥312M	¥100M	<b>¥347M</b>
Operating Profit	▲¥375M	▲¥405M	<b>¥0.2M</b>
Net Income	▲¥388M	▲¥405M	<b>¥0.2M</b>

The above plan for the four business segments includes flexibility, allowing for potential upside in each area. While there is a possibility that some segments may not progress as expected, the plan is considered to have a high overall probability of achievement.

# Conclusion

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- As described above, the focus of this Mid-Term Business Plan is to **balance profitability and growth potential, establishing a solid foundation that enables us to actively "go on the offensive"** and fully leverage our company's inherent strengths.
- By achieving this Mid-Term Business Plan, we aim to embody our corporate philosophy of "illuminating human possibilities" and **continuously expand the development and promotion of our innovative products and services**, thereby "empowering humanity's potential" through the power of semiconductor lasers.